

# HOUSE BILL No. 1347

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 33-23-5-13; IC 33-38.

**Synopsis:** Judges' pensions. Allows a person serving as a full-time magistrate on July 1, 2005, and requires a person who begins serving as a full-time magistrate after that date, to become a participant in the judges' 1985 benefit system. Allows magistrates who are participants in the judges' 1985 benefit system to purchase, at full actuarial cost, service credit for prior service covered by an Indiana public employees' retirement fund. Increases the monthly benefit payable to participants, survivors, and beneficiaries of the judges' 1985 benefit system by the same percentages and under the same conditions as the monthly benefit is increased for members of the public employees' retirement fund (PERF). (The introduced version of this bill was prepared by the pension management oversight commission.)

**Effective:** July 1, 2005.

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**Buell, Kromkowski, Ayres**

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January 13, 2005, read first time and referred to Committee on Employment and Labor.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## HOUSE BILL No. 1347

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 33-23-5-13 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. **(a) Except as**  
3 **provided in subsection (b),** a magistrate may:

4 (1) participate in the public employees' retirement fund as  
5 provided in IC 5-10.3; or

6 (2) elect to remain in the judges' retirement system under  
7 IC 33-38 if the magistrate had previously participated in the  
8 system.

9 **(b) A person who:**

10 **(1) is serving as a full-time magistrate on July 1, 2005, and**  
11 **makes an election under IC 33-38-8-10.5; or**

12 **(2) begins serving as a full-time magistrate after July 1, 2005;**  
13 **shall, beginning January 1, 2006, participate in the judges' 1985**  
14 **benefit system under IC 33-38-8.**

15 SECTION 2. IC 33-38-6-9 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. As used in this  
17 chapter, "participant" means a judge who participates in the fund. **After**

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**December 31, 2005, "participant" means a judge or full-time magistrate who participates in the fund.**

SECTION 3. IC 33-38-8-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. This chapter applies only to an individual who:

- (1) begins service as a judge after August 31, 1985;
- (2) is serving as a full-time magistrate on July 1, 2005, and makes an election under section 10.5 of this chapter; or
- (3) begins service as a full-time magistrate after July 1, 2005.

SECTION 4. IC 33-38-8-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10. (a) A person who:

- (1) begins service as a judge after August 31, 1985; and
- (2) is not a participant in the fund;

shall become a participant in the fund.

(b) A person who is serving as a full-time magistrate on July 1, 2005, and makes an election under section 10.5 of this chapter is, beginning January 1, 2006, a participant in the judges' 1985 benefit system under this chapter.

(c) A person who begins serving as a full-time magistrate after July 1, 2005, is a participant in the judges' 1985 benefit system under this chapter beginning on the later of the following:

- (1) January 1, 2006.
- (2) The date the person begins service as a full-time magistrate.

SECTION 5. IC 33-38-8-10.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10.5. A person who is serving as a full-time magistrate on July 1, 2005, may elect to become a member of the judges' 1985 benefit system under this chapter. An election under this section:

- (1) must be made in writing;
- (2) must be filed with the board, on a form prescribed by the board, before October 1, 2005; and
- (3) is irrevocable.

SECTION 6. IC 33-38-8-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. (a) A participant who:

- (1) ceases service:
  - (A) as a judge; or
  - (B) after December 31, 2005, as a judge or full-time magistrate;
- other than by death or disability; and

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(2) is not eligible for a retirement benefit under this chapter; is entitled to withdraw from the fund, beginning on the date specified by the participant in a written application. The date on which the withdrawal begins may not be before the date of final termination of employment or the date thirty (30) days before the receipt of the application by the board.

(b) Upon the withdrawal, the participant is entitled to receive the total sum contributed, payable within sixty (60) days from **the** date of **the** withdrawal application or in monthly installments as the participant may elect.

SECTION 7. IC 33-38-8-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. A participant whose employment as **a judge, or after December 31, 2005, as a judge or full-time magistrate**, is terminated is entitled to a retirement benefit computed under section 14 of this chapter, beginning on the date specified by the participant in a written application, if the following conditions are met:

(1) The date on which the benefit begins is not:

(A) before the date of final termination of employment of the participant; or

(B) the date thirty (30) days before the receipt of the application by the board.

(2) The participant:

(A) is at least sixty-two (62) years of age and has at least eight (8) years of service credit;

(B) is at least fifty-five (55) years of age and the participant's age in years plus the participant's years of service is at least eighty-five (85); or

(C) has become permanently disabled.

(3) The participant is not receiving a salary from the state for services currently performed, except for services rendered in the capacity of judge pro tempore or senior judge.

SECTION 8. IC 33-38-8-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 22. (a) This section applies to a person who:

(1) is:

(A) a judge; **or**

(B) **after December 31, 2005, a judge or full-time magistrate;**

participating under this chapter;

(2) before becoming:

(A) a judge; **or**

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1 (B) after December 31, 2005, a judge or full-time  
2 magistrate;

3 was appointed by a court to serve as a full-time referee, full-time  
4 commissioner, or full-time magistrate;

5 (3) was a member of the public employees' retirement fund during  
6 the employment described in subdivision (2); and

7 (4) received credited service under the public employees'  
8 retirement fund for the employment described in subdivision (2).

9 (b) If a person becomes a participant in the judges' 1985 benefit  
10 system under section 1 of this chapter, credit for prior service by the  
11 judge, or after December 31, 2005, by the judge or full-time  
12 magistrate, as a full-time referee, full-time commissioner, or full-time  
13 magistrate shall be granted under this chapter by the board if:

14 (1) the prior service was credited under the public employees'  
15 retirement fund;

16 (2) the state contributes to the judges' 1985 benefit system the  
17 amount the board determines necessary to amortize the prior  
18 service liability over a period determined by the board, but not  
19 more than ten (10) years; and

20 (3) the judge or full-time magistrate pays in a lump sum or in a  
21 series of payments determined by the board, not exceeding five  
22 (5) annual payments, the amount the judge or full-time  
23 magistrate would have contributed if the judge or full-time  
24 magistrate had been a member of the judges' 1985 benefit system  
25 during the prior service.

26 (c) If the requirements of subsection (b)(2) and (b)(3) are not  
27 satisfied, a participant is entitled to credit only for years of service after  
28 the date of participation in the judges' 1985 benefit system.

29 (d) An amortization schedule for contributions paid under  
30 subsection (b)(2) or (b)(3) must include interest at a rate determined by  
31 the board.

32 (e) The following provisions apply to a person described in  
33 subsection (a):

34 (1) A minimum benefit applies to participants receiving credit in  
35 the judges' 1985 benefit system from service covered by the  
36 public employees' retirement fund. The minimum benefit is  
37 payable at sixty-five (65) years of age or when the participant is  
38 at least fifty-five (55) years of age and meets the requirements  
39 under section 13(2)(b) of this chapter and equals the actuarial  
40 equivalent of the vested retirement benefit that is:

41 (A) payable to the member at normal retirement under  
42 IC 5-10.2-4-1 as of the day before the transfer; and

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(B) based solely on:

- (i) creditable service;
- (ii) the average of the annual compensation; and
- (iii) the amount credited under IC 5-10.2 and IC 5-10.3 to the annuity savings account of the transferring member as of the day before the transfer.

(2) If the requirements of subsection (b)(2) and (b)(3) are satisfied, the board shall transfer from the public employees' retirement fund to the judges' 1985 benefit system the amount credited to the annuity savings account and the present value of the retirement benefit payable at sixty-five (65) years of age or at least fifty-five (55) years of age under section 13(2)(b) of this chapter that is attributable to the transferring participant.

(3) The amount the state and the participant must contribute to the judges' 1985 benefit system under subsection (b) shall be reduced by the amount transferred to the judges' 1985 benefit system by the board under subdivision (2).

(4) If the requirements of subsection (b)(2) and (b)(3) are satisfied, credit for prior service in the public employees' retirement fund as a full-time referee, full-time commissioner, or full-time magistrate is waived. Any credit for the prior service under the judges' 1985 benefit system may be granted only under subsection (b).

(f) To the extent permitted by the Internal Revenue Code and the applicable regulations, the judges' 1985 benefit system may accept, on behalf of a participant who is purchasing permissive service credit under subsection (b), a rollover of a distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.
- (2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.
- (3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.
- (4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(g) To the extent permitted by the Internal Revenue Code and the applicable regulations, the judges' 1985 benefit system may accept, on behalf of a participant who is purchasing permissive service credit under subsection (b), a trustee to trustee transfer from any of the

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following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 9. IC 33-38-8-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 23. (a) This section applies only to a person who:

(1) is:

(A) a judge; or

(B) **after December 31, 2005, a judge or full-time magistrate;**

participating under this chapter;

(2) before becoming:

(A) a judge; or

(B) **after December 31, 2005, a judge or full-time magistrate;**

was a member of a public employees' retirement fund;

(3) received credited service under a public employees' retirement fund for the employment described in subdivision (2), and the credited service is not eligible for prior service credit under section 22 of this chapter;

(4) has not attained vested status under a public employees' retirement fund for the employment described in subdivision (2); and

(5) has at least eight (8) years of service credit in the judges' retirement system.

(b) If a person becomes a participant in the judges' 1985 benefit system under this chapter, credit for service described in subsection (a) shall be granted under this chapter by the board if:

(1) the prior service was credited under a public employees' retirement fund; and

(2) the judge **or full-time magistrate** pays in a lump sum or in a series of payments determined by the board, not exceeding five (5) annual payments, the amount determined by the actuary for the **judges'** 1985 benefit system as the total cost of the service.

(c) If the requirements of subsection (b) are not satisfied, a participant is entitled to credit only for years of service after the date of participation in the **judges'** 1985 benefit system.

(d) An amortization schedule for contributions paid under this section must include interest at a rate determined by the board.

(e) If the requirements of subsection (b) are satisfied, the

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appropriate board shall transfer from the retirement fund described in subsection (a)(2) to the judges' 1985 benefit system the amount credited to the judge's **or full-time magistrate's** annuity savings account and the present value of the retirement benefit payable at sixty-five (65) years of age that is attributable to the transferring participant.

(f) The amount a participant must contribute to the judges' 1985 benefit system under subsection (b) shall be reduced by the amount transferred to the judges' 1985 benefit system by the appropriate board under subsection (e).

(g) If the requirements of subsection (b) are satisfied, credit for prior service in a public employees' retirement fund is waived.

(h) To the extent permitted by the Internal Revenue Code and the applicable regulations, the judges' 1985 benefit system may accept, on behalf of a participant who is purchasing permissive service credit under subsection (b), a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(i) To the extent permitted by the Internal Revenue Code and the applicable regulations, the judges' 1985 benefit system may accept, on behalf of a participant who is purchasing permissive service credit under subsection (b), a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 10. IC 33-38-8-24 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 24. Subject to section 20 of this chapter, after June 30, 2005, the monthly benefit payable under this chapter to participants, survivors, and beneficiaries shall be increased by the same percentages and under the same conditions**

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1 as the monthly benefit is increased for members, survivors, and  
2 beneficiaries of the public employees' retirement fund established  
3 by IC 5-10.3-2-1.

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